



General Assembly

Amendment

February Session, 2010

LCO No. 5694

SB0047805694SD0

Offered by:

SEN. DAILY, 33rd Dist.

REP. STAPLES, 96th Dist.

To: Subst. Senate Bill No. 478

File No. 607

Cal. No. 434

**"AN ACT CONCERNING CHANGES TO THE ESTATE AND GIFT
TAX, THE HOSPITAL TAX AND THE ATTORNEYS'
OCCUPATIONAL TAX."**

1 After the last section, add the following and renumber sections and
2 internal references accordingly:

3 "Sec. 501. (*Effective from passage*) (a) The Secretary of the Office of
4 Policy and Management shall establish a pilot program in a single
5 municipality whereby the municipality selected shall be authorized,
6 for one time only, to issue postemployment benefit plan deficit
7 funding bonds pursuant to section 502 of this act.

8 (b) To be eligible for the program a municipality shall (1) have a
9 population of not less than one hundred fifteen thousand; (2) have
10 been incorporated by special act; and (3) have a mayor and city council
11 form of government. The secretary shall establish an application
12 procedure and any other criteria for the program. The secretary shall
13 not select a municipality for the pilot program unless the legislative

14 body of the municipality has approved the application. The secretary
15 shall send a notice of selection for the pilot program to the chief
16 executive officer of the municipality.

17 (c) The secretary shall submit a report on the status of the program,
18 in accordance with section 11-4a of the general statutes, to the joint
19 standing committees of the General Assembly having cognizance of
20 matters relating to local government and finance, revenue and bonding
21 not later than December 1, 2011.

22 Sec. 502. (*Effective from passage*) (a) For purposes of this section:

23 (1) "Actuarial valuation" means a determination certified by an
24 actuary, in a method and using assumptions meeting the parameters
25 established by generally accepted accounting principles, of the normal
26 cost, actuarial accrued liability, actuarial value of assets and related
27 actuarial present values for a postemployment health and life benefit
28 plan of a municipality as of a valuation date not more than thirty
29 months preceding the date of issue of the postemployment benefit plan
30 deficit funding bonds, together with an actuarial update of such
31 valuation as of a date not more than three months preceding the date
32 of notification of the secretary by the municipality, in accordance with
33 subdivision (1) of subsection (c) of this section, of its intent to issue the
34 postemployment benefit plan deficit funding bonds.

35 (2) "Actuarially recommended contribution" means the annual
36 required contribution of the municipal employer to the
37 postemployment health and life benefit plan of the municipality, as
38 established by the actuarial valuation and determined by an actuary in
39 a method and using assumptions meeting the parameters established
40 by generally accepted accounting principles, provided the
41 amortization schedule used to determine such contribution shall be
42 fixed and shall have a term not longer than the longest of (A) ten years,
43 or (B) thirty years from the date of issuance of the postemployment
44 benefit plan deficit funding bonds.

45 (3) "Chief executive officer" means (A) for a municipality as

46 described in section 7-188 of the general statutes, such officer as
47 described in section 7-193 of the general statutes, (B) for a metropolitan
48 district, such officer as described in the special act, charter, local
49 ordinance or other local law applicable to such metropolitan district,
50 (C) for a district, as defined in section 7-324 of the general statutes, the
51 president of its board of directors, (D) for a regional school district, the
52 chairperson of its regional board of education, and (E) for any other
53 municipal corporation having the power to levy taxes and to issue
54 bonds, notes or other obligations, such officer as prescribed by the
55 general statutes or any special act, charter, special act charter, home-
56 rule ordinance, local ordinance or local law applicable to such
57 municipal corporation.

58 (4) "Actuary" means a person who is a member in good standing of
59 the American Academy of Actuaries.

60 (5) "General obligation" means an obligation issued by a
61 municipality and secured by the full faith and credit and taxing power
62 of such municipality.

63 (6) "Legislative body" means (A) for a regional school district, the
64 regional board of education, and (B) for any other municipality not
65 having the authority to make ordinances, the body, board, committee
66 or similar body charged under the general statutes, special acts or its
67 charter with the power to authorize the issue of bonds by the
68 municipality.

69 (7) "Municipal Finance Advisory Commission" means the Municipal
70 Finance Advisory Commission established pursuant to section 7-394b
71 of the general statutes.

72 (8) "Municipality" means a municipality, as defined in section 7-369
73 of the general statutes, or a regional school district.

74 (9) "Obligation" means any bond or any other transaction which
75 constitutes debt in accordance with both municipal reporting
76 standards in section 7-394a of the general statutes and the regulations

77 prescribing municipal financial reporting adopted by the secretary
78 pursuant to said section 7-394a.

79 (10) "Postemployment benefit plan deficit funding bond" means any
80 obligation issued by a municipality to fund, in whole or in part, an
81 unfunded past benefit obligation. "Postemployment benefit plan deficit
82 funding bond" shall not include any bond issued by a municipality
83 pursuant to and in accordance with the provisions of subsection (g) of
84 this section to pay, fund or refund prior to maturity any of its
85 postemployment benefit plan deficit funding bonds previously issued.

86 (11) "Secretary" means the Secretary of the Office of Policy and
87 Management or the secretary's designee.

88 (12) "Treasurer" means the Treasurer of the state of Connecticut or
89 the Treasurer's designee.

90 (13) "Unfunded past benefit obligation" means the unfunded
91 actuarial accrued liability of the postemployment health and life
92 benefit plan determined in a method and using assumptions meeting
93 the parameters established by generally accepted accounting
94 principles.

95 (14) "Weighted average maturity" means (A) the sum of the
96 products, determined separately for each maturity or sinking fund
97 payment date and taking into account any mandatory redemptions of
98 the obligation, of (i) with respect to a serial obligation, the principal
99 amount of each serial maturity of such obligation and the number of
100 years to such maturity, or (ii) with respect to a term obligation, the
101 dollar amount of each mandatory sinking fund payment with respect
102 to such obligation and the number of years to such payment, divided
103 by (B) the aggregate principal amount of such obligation.

104 (b) Except as expressly provided in this section, no municipality
105 shall issue any postemployment benefit plan deficit funding bond.

106 (c) Any municipality which has been selected by the Secretary of the

107 Office of Policy and Management pursuant to section 501 of this act
108 and has no outstanding postemployment benefit plan deficit funding
109 bonds, other than an earlier series of such obligations issued under
110 subsection (b) of section 7-374b of the general statutes or this section to
111 partially fund an unfunded past benefit obligation, may authorize and
112 issue postemployment benefit plan deficit funding bonds to fund all or
113 a portion of an unfunded past benefit obligation, as determined by an
114 actuarial valuation, and the payment of costs related to the issuance of
115 such bonds in accordance with the following requirements:

116 (1) The municipality shall, within the time and in the manner
117 prescribed by regulations adopted by the secretary or as otherwise
118 required by the secretary, notify the secretary of its intent to issue such
119 postemployment benefit plan deficit funding bonds and shall include
120 with such notice (A) the actuarial valuation, (B) an actuarial analysis of
121 the method by which the municipality proposes to fund any unfunded
122 past benefit obligation not to be defrayed by the postemployment
123 benefit plan deficit funding bonds, which method may include a plan
124 of issuance of a series of postemployment benefit plan deficit funding
125 bonds, (C) an explanation of the municipality's investment strategic
126 plan for the postemployment health and life benefit plan with respect
127 to which the postemployment benefit plan deficit funding bonds are to
128 be issued, including, but not limited to, an asset allocation plan, (D) a
129 three-year financial plan, including the major assumptions and plan of
130 finance for such postemployment benefit plan deficit funding bonds,
131 (E) a comparison of the anticipated effects of funding the unfunded
132 past benefit obligation through the issuance of postemployment
133 benefit plan deficit funding bonds with the funding of the obligation
134 through the annual actuarially recommended contribution, prepared
135 in the manner prescribed by the secretary, (F) documentation of the
136 municipality's authorization of the issuance of such postemployment
137 benefit plan deficit funding bonds including a certified copy of the
138 resolution or ordinance of the municipality authorizing the issuance of
139 the postemployment benefit plan deficit funding bonds and an opinion
140 of nationally recognized bond counsel as to the due authorization of

141 the issuance of the bonds, (G) documentation that the municipality has
142 adopted an ordinance, or with respect to a municipality not having the
143 authority to make ordinances, has adopted a resolution by a two-thirds
144 vote of the members of its legislative body, requiring the municipality
145 to appropriate funds in an amount sufficient to meet the actuarially
146 required contribution and contribute such amounts to the plan as
147 required in subdivision (3) of subsection (c) of this section, (H) the
148 methodology used and actuarial assumptions that will be utilized to
149 calculate the actuarially recommended contribution, (I) a draft official
150 statement with respect to the issuance of the postemployment benefit
151 plan deficit funding bonds, and (J) such other information and
152 documentation as reasonably required by the secretary or the
153 Treasurer to carry out the provisions of this section.

154 (2) Within ten days following the sale of the postemployment
155 benefit plan deficit funding bonds, the municipality shall provide the
156 secretary and the Treasurer with a final financing summary comparing
157 the anticipated effects of funding the unfunded past benefit obligation
158 through the issuance of the postemployment benefit plan deficit
159 funding bonds with the funding of the obligation through the annual
160 actuarially recommended contribution, prepared in the manner
161 prescribed by the secretary.

162 (3) So long as the postemployment benefit plan deficit funding
163 bonds or any bond refunding such bonds are outstanding, the
164 municipality shall (A) for each fiscal year of the municipality,
165 commencing with the fiscal year in which the bonds are issued,
166 appropriate funds in an amount sufficient to meet the actuarially
167 required contribution and contribute such amount to the plan, and (B)
168 notify the secretary annually, who shall in turn notify the Treasurer, of
169 the amount or the rate of any such actuarially recommended
170 contribution and the amount or the rate, if any, of the actual annual
171 contribution by the municipality to the postemployment health and
172 life benefit plan to meet such actuarially recommended contribution.
173 Notwithstanding the provisions of any other general statute or of any
174 special act, charter, special act charter, home-rule ordinance, local

175 ordinance or local law, in any fiscal year for which the municipality
176 fails to appropriate sufficient funds to meet the actuarially required
177 contribution in accordance with the provisions of this subsection, there
178 shall be deemed appropriated an amount sufficient to meet such
179 requirement. On an annual basis, the municipality shall provide the
180 secretary and the Treasurer with: (i) the actuarial valuation of the
181 postemployment health and life benefit plan, (ii) a specific
182 identification, in a format to be determined by the secretary, of any
183 changes that have been made in the actuarial assumptions or methods
184 compared to the previous actuarial valuation of the plan, (iii) the
185 footnote disclosure and required supplementary information
186 disclosure required by GASB Statement Number 45 with respect to the
187 plan, and (iv) a review of the investments of the plan including a
188 statement of the current asset allocation and an analysis of
189 performance by asset class.

190 (4) The municipality shall not issue postemployment benefit plan
191 deficit funding bonds prior to, nor more than six months subsequent
192 to, receipt of the written final review required under subsection (d) of
193 this section. A municipality may renotify the secretary of its intention
194 to issue postemployment benefit plan deficit funding bonds and
195 provide the secretary with updated information and documentation in
196 the manner and as described in subdivision (1) of this subsection, and
197 request an updated final review from the secretary if more than six
198 months will elapse between the receipt of the prior final review of the
199 secretary and the proposed date of issue of the postemployment
200 benefit plan deficit funding bonds.

201 (d) Upon receipt of notification from a municipality that it intends
202 to issue postemployment benefit plan deficit funding bonds, the
203 secretary shall inform the Treasurer and the Municipal Finance
204 Advisory Commission of such notification. The secretary and the
205 Treasurer shall review the information and documentation required in
206 subsection (c) of this section and within fifteen days shall notify the
207 municipality as to the adequacy of the materials provided and whether
208 any additional information is required. The secretary and the

209 Treasurer shall issue a written final review to the municipality
210 verifying that the municipality has complied with the provisions of
211 subdivision (1) of subsection (c) of this section and including any
212 recommendations to the municipality concerning the issuance of
213 postemployment benefit plan deficit funding bonds not later than
214 thirty days following the receipt of such information and
215 documentation. The secretary shall file a copy of such final review
216 with the chief executive officer of the municipality and the Municipal
217 Finance Advisory Commission. If the secretary and the Treasurer fail
218 to provide a written final review to the municipality by the forty-fifth
219 day following the receipt of such information and documentation,
220 such final review shall be deemed to have been received by the
221 municipality.

222 (e) Except as otherwise provided by this section, the provisions and
223 limitations of this chapter shall apply to any postemployment benefit
224 plan deficit funding bonds issued pursuant to the provisions of this
225 section. Such postemployment benefit plan deficit funding bonds shall
226 be general obligations of the municipality and shall be serial bonds
227 maturing in annual or semiannual installments of principal or shall be
228 term bonds with mandatory annual or semiannual deposits of sinking
229 fund payments into a sinking fund. Notwithstanding the provisions of
230 any other general statute or of any special act, charter, special act
231 charter, home-rule ordinance, local ordinance or local law, (1) the first
232 installment of any series of postemployment benefit plan deficit
233 funding bonds shall mature or the first sinking fund payment of any
234 series of postemployment benefit plan deficit funding bonds shall be
235 due not later than eighteen months from the date of the issue of such
236 series, provided such first installment shall mature or such first sinking
237 fund payment shall be due not later than the fiscal year of the
238 municipality next following the fiscal year in which such series is
239 issued, and the last installment of such series shall mature or the last
240 sinking fund payment of such series shall be due not later than thirty
241 years from such date of issue, (2) any such postemployment benefit
242 plan deficit funding bonds may be sold at public sale on sealed

243 proposal, by negotiation or by private placement in such manner, at
244 such price or prices, at such time or times and on such terms or
245 conditions as the municipality, or the officers or board of the
246 municipality delegated the authority to issue such bonds, determines
247 to be in the best interest of the municipality, and (3) no municipality
248 shall issue temporary notes in anticipation of the receipt of the
249 proceeds from the sale of its postemployment benefit plan deficit
250 funding bonds.

251 (f) Proceeds of the postemployment benefit plan deficit funding
252 bonds, to the extent not applied to the payment of costs related to the
253 issuance thereof, shall be deposited in the postemployment health and
254 life benefit plan of the municipality to fund the unfunded past benefit
255 obligation for which the bonds were issued, and, notwithstanding any
256 limitations on the investment of proceeds received from the sale of
257 bonds, notes or other obligations set forth in section 7-400 of the
258 general statutes, may be invested in accordance with the terms of said
259 postemployment health and life benefit plan, as such terms may be
260 amended from time to time.

261 (g) A municipality may authorize and issue refunding bonds to pay,
262 fund or refund prior to maturity any of its postemployment benefit
263 plan deficit funding bonds in accordance with the provisions of section
264 7-370c of the general statutes or, with respect to a regional school
265 district, the provisions of section 10-60a of the general statutes,
266 provided, notwithstanding the provisions of said sections 7-370c and
267 10-60a, the weighted average maturity of such refunding bonds shall
268 not exceed the weighted average maturity of the outstanding
269 postemployment benefit plan deficit funding bonds being paid,
270 funded or refunded by such refunding bonds. The municipality shall
271 notify the secretary, who shall in turn notify the Treasurer, of its
272 intention to issue refunding bonds pursuant to this subsection, not less
273 than fifteen days prior to the issuance thereof, and shall provide the
274 secretary with a copy of the final official statement, if any, prepared for
275 the refunding bonds, not more than fifteen days after the date of issue
276 of such bonds.

277 (h) The secretary, in consultation with the Treasurer, is authorized
278 to adopt regulations, in accordance with the provisions of chapter 54 of
279 the general statutes, as necessary to establish guidelines concerning
280 compliance with the provisions of subsections (c), (d) and (g) of this
281 section."